

Message Text

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ACTION AGRE-00

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 ARA-06 PA-01 PRS-01
/058 W

-----070939Z 101246 /20

R 070757Z JAN 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 4603
INFO AMCONSUL HONG KONG
USLO PEKING
AMEMBASSY TAIPEI

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E.O. 11652: N/A
TAGS: EAGR, RP, CH
SUBJECT: PRC PRUCHASES 500,000 TONS OF SUGAR

1. LEANDRO VASQUEZ OF CZARNIKOW-RIONDA TOLD COMATT JANUARY 7 THAT OVER THE PAST SEVERAL WEEKS THE PRC HAS QUIETLY BOUGHT 500,000 TONS OF SUGAR THROUGH BROKERAGE HOUSES IN HONG KONG AND CZARNIKOW-RIONDA IN AUSTRALIA. THE OTHER HOUSES INVOLVED WERE FARR MAN AND CARGILL. MOST OF THE SUGAR WILL BE COMING FROM AUSTRALIA (AT LEAAST 200,000 VIA CZARNIKOW-RIONDA) AND THAILAND. ONLY 50,000 TONS WILL BE FROM THE PHILIPPINES AND PURCHASE WAS HANDLED ON A GOVERNMENT-TO-GOVERNMENT BASIS. (REUTER ITEM DATED JANUARY 6 FROM NEW YORK REPORTS THAT PRC BOUGHT AT LEAST 200,000 TONS AND IS SEEKING MORE ON OPEN MARKET.)

2. THIS IS THE LARGEST SINGLE CHINESE PURCHASE AT ANY TIME AND PROBABLY REFLECTS THEIR JUDGEMENT THAT THIS IS THE TIME TO BUY. THE PRICE, ACCORDING TO VASQUEZ, WAS SLIGHTLY UNDER 8 CENTS A POUND. THE CHINESE KEPT THEIR
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MOVES SECRET AND NO OUTSIDERS KNEW OF THE MAGNITUDE OF THE PURCHASE UNTIL IT WAS COMPLETED. IN ADDITION TO THE PRICE CONSIDERATION, THE CHINESE MIGHT HAVE BEEN MOTIVATED BY THEIR ANTICIPATION OF POSSIBLE CUBAN NON-DELIVERY OF SUGAR.

3. COMMENT. MRS. MARCOS WAS WIDELY REPORTED IN THE

PRESS, AND INDEED BY THE PRESIDENT HIMSELF, AS HAVING
NEGOTIATED OR "SOLD" 200,000 TONS TO THE PRC. THAT
THE PRC HAS BOUGHT ONLY 50,000 TONS FROM THE PHILIPPINES
IS EVIDENCE THAT THE CHINESE LIKE TO DO BUSINZ 5#3
CAPITALIST WAY. THE CINESE APPARENTLY HAVE BECOME
ACCUSTOMED TO DOING BUSINESS WITH COMMERCIAL FIRMS,
SUCH AS THE SUGAR BROKERS, AND HAVE ESTABLISHED A BASIS
OF MUTUAL TRUST AND CONFIDENCE WHICH THEY PROBABLY DO
NOT SHARE WITH THE GOP SUGAR MONOPOLY -- PHILIPPINE
NATIONAL BANK/ PHILIPPINE EXCHANGE. SPECIFICALLY, THE
CHINESE MAY BE LEERY OF THE QUALITY OF PHILIPPINE
SUGAR.
SULLIVAN

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NNN

Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: SALES, SUGAR
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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SAS ID: 3645609
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TAGS: EAGR, EEWT, RP, CH
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